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## THE PSYCHOLOGICAL BASIS FOR THE ECONOMIC INTERPRETATION OF HISTORY—DISCUSSION

F. A. FETTER.—It is remarkable and gratifying to those who have advocated the psychological approach to economic questions to see how dominant has become the psychological conception of economics in the discussions of these associations, as is abundantly illustrated throughout this meeting. Twenty years ago the old physical treatment of economics based upon the physical factors of production was still almost universal. Since then it has quietly and almost completely disappeared.

However, our conceptions have not fully adapted themselves to the changes in contemporary psychology. Conventional economics is still utilitarian and rationalistic, whereas the authoritative psychology of today is volitional and gives a much larger place to impulses and instincts. I need not in this company restate my own position, which has long been favorable to the psychological conception. Years ago I felt the need of revision of the price theory to bring it into accord with the accepted psychology of the day.

Professor Ogburn's attempt to exploit the newer psychology in applying it to the economic interpretation of history is to be welcomed but must be viewed critically. His propositions are three:

1. Human action is ruled more largely by unconscious impulses than by reason.
2. The Freudian hypothesis is to be accepted.
3. The newer volitional psychology lends verification to the economic interpretation of history.

May we not dismiss at once from this discussion the Freudian hypothesis? Professor Ogburn concedes that it is at best almost wholly irrelevant to this particular question as "there is little group association for sex purposes." Therefore it has little if any application to the economic interpretation of history. Moreover, the Freudian hypothesis is rejected by a large number of psychologists and philosophers of the best standing. Indeed it seems to be a psychology applicable mainly to degenerate minds, if not a degenerate psychology.

Of the proposition that our actions are ruled largely by unconscious impulses and not by reason, it must be said that it is doubtless true but that does not insure the truth of its application. For example, Lombroso's theory of criminology was a sudden inspiration to explain certain facts that had appeared in the study of criminals. After a half century of active discussion Lombroso's theory in its essentials

is absolutely discredited, at least in America, and all that remains is the body of facts on which he built. These facts now are being given very valuable applications in the treatment of criminals. So, likewise, we might refer to the discussion in the joint session of these two associations last year, in which the lamented Professor Parker presented the new psychology of impulses in a manner doubtless to be approved, but made certain most questionable applications to current problems.

Finally as to the application of the new psychology in support of economic interpretation of history. First let me dispute the assumption made by Professor Ogburn that the economic motive is essentially selfish. The economic motive has to do with the utilizing of economic agents in the best manner for a given end, and this may be either a selfish or an unselfish purpose. The mother sacrifices to get food for her child and this is the type of a very large part of economic activity. The good bishop in *Les Misérables* gives the candlesticks to Jean Valjean, an economic act, this being the highest use in his judgment that he could make of those economic goods. We shall gain much in clearness when we cease to contrast economics and ethics as having to do on the one hand with selfish and on the other with unselfish actions.

Further we must reject the assumption by Professor Ogburn that the unconscious motives in history have always been the economic motives. This is a veritable begging of the question that we are discussing. One might well point to the origin of Marx's materialistic conception of history as an example of a biased explanation due to unconscious prejudice. Marx was a disappointed revolutionist who was championing the cause of labor and was seeking some philosophy that would support his practical agitation against the capitalist class. Therefore he reduced all the complex motives of history to one simple explanation. We have heard this same simple philosophy again and again advanced in explanation of the present war. The economic interpretation of history ignores the motive of love of power, the larger genus of which the economic motive is but one species. It omits love, friendship, hatred, ambition, pride, loyalty, idealism, and the many other complex motives in human nature, which always have had, and still have, their part in the making and in the interpretation of history.

We must continue to believe, therefore, that human nature is too complex to be expressed in a single motive, even one so large as the economic. It probably is true that we do not judge rightly our own actions, either individual or collective. Things are not what they seem.

Others, the outsiders and men of a later era, often can judge more truly of the motives of conduct than can the actors themselves. Therefore, while Professor Ogburn's suggestion may lead to fruitful studies, it is to be followed with caution, and calls for a special examination of the facts in each case to which it is to be applied.